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Press Release

FOR IMMEDIATE RELEASE

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42 State Coalition Settles With Santa Fe Natural Tobacco Co. For Breaching Historic Tobacco Agreement

Settlement Ends Illegal Distribution of Natural American Spirits Cigarettes Branded Merchandise. A coalition of 42 states today announced a settlement with Santa Fe Natural Tobacco Company after the company violated the tobacco Master Settlement Agreement by distributing decorative tin signs to consumers that featured its "Natural American Spirit" cigarettes brand name.

Distribution of merchandise bearing the brand name of cigarette companies violates the tobacco Master Settlement Agreement ("MSA"), the historic 1998 settlement between state Attorneys General and cigarette manufacturers. According to the settlement announced today, Santa Fe Natural Tobacco Company agrees not to distribute the following types of brand name merchandise in the future: decorative tin signs; toys; games; fashion accessories; CDs; DVDs; video games; clothing; athletic equipment; outdoor gear; luggage; stationery items; house wares; and paintings and plaques intended for the home. In addition, Santa Fe agrees to pay a penalty of \$250 for every future violation of the agreement.

The MSA required tobacco companies to make substantial annual payments in perpetuity to 52 states and territories, and imposed significant marketing and advertising restrictions on the companies. Since the MSA was signed, American consumption of cigarettes has declined by over 100 billion cigarettes, based on data from the American Lung Association. According to the Centers for Disease Control, however, tobacco-related disease continues to be the leading preventable cause of death in the United States and results in more than \$190 billion in medical expenses each year.

The states comprising the coalition include: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Washington, West Virginia, Wyoming and the District of Columbia.

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